

# DIRECTIVE

## WELFARE-TO-WORK

Number: WD01-3

Date: May 30, 2001  
69:75:va:4595

TO: WELFARE-TO-WORK COMMUNITY

SUBJECT: PROCUREMENT

### EXECUTIVE SUMMARY:

#### Purpose:

This directive provides combined State and federal guidance regarding the procurement of goods and services by entities receiving Welfare-to-Work (WtW) grant funds.

#### Scope:

This directive requires that entities receiving WtW grant funds shall comply with federal and State procurement guidelines. These entities include Local Workforce Investment Areas (Local Areas) that receive formula funds and their subrecipients, and 15 Percent subgrantees and their subgrantees.

#### Effective Date:

This directive is effective upon release.

### REFERENCES:

- Title 20 Code of Federal Regulations (CFR) Sections 645.230(a)(1) through (4)
- Title 29 CFR Part 97 Section 97.36
- Title 29 CFR Part 95 Sections 95.40 through 95.48

### STATE-IMPOSED REQUIREMENTS:

This directive contains State-imposed requirements. These requirements are indicated by ***bold, italic*** type.

### FILING INSTRUCTIONS:

This directive supersedes WtW Directive WD99-5 and finalizes Draft Directive WDD-18 issued for comment on April 26, 2001. Retain this directive until further notice.

## **BACKGROUND:**

The WtW Grants Final Rule, Title 20 CFR Part 645, provides guidance regarding procurement of goods and services. This section contains specific direction regarding job placement contracts and conflict of interest requirements. In addition to specific procurement requirements regarding WtW, these regulations refer to Title 29 CFR Part 95 for institutions of higher education, hospitals, nonprofit organizations, and commercial organizations and to Title 29 CFR Part 97 for governmental entities for general procurement guidance. These documents use the term recipients to mean any entity receiving an award of federal funds. While the format and wording of the documents vary slightly, the intent of the federal government is consistent. Procurement policies must ensure free and open competition and must secure the best possible price.

## **POLICY AND PROCEDURES:**

### **Definitions:**

***Small purchase means the acquisition of goods or services that do not cost more than \$50,000 in the aggregate.***

Subrecipient, for the purposes of this directive, means any entity receiving an award (grant) of federal WtW funds whether from the State or from another entity. Please note that awards are granted to subrecipients, not to vendors.

### **General Provisions:**

The following provides information regarding the salient points of the federal policies. However, each subrecipient is responsible for complying with all of the applicable federal requirements. Subrecipients must have written procedures that include, but are not limited to, the following:

- A code of conduct for employees conducting procurements, including criteria regarding conflict of interest (see Fair Political Practices Commission; Restrictions on Government Officials and Employees at <http://www.fppc.ca.gov/> for additional information).
- Selection procedures for procurement transactions.
- Different types of procurement including when and how to use them.
- Requirements for a price or cost analysis.
- A process for resolving disputes, claims, and protests of award.
- Limited conditions under which a sole source procurement may occur.

Federal policies require cost comparison between the leasing and the purchase of equipment. When programs or contracts are short-term, this suggests that leasing is the preferable option for securing equipment. Purchase may only be considered when the

cost of leasing is higher for the duration of the contract or program. For example, a program will terminate in eighteen months. The cost of the equipment is \$10,000. The cost to lease the equipment is \$350 per month, equaling \$6,300 for the period which is less than the \$10,000 purchase price. This equipment should be leased. For the same program, the cost of another piece of equipment is \$1,500. The cost of leasing is \$99 per month, equaling \$1,782 for the eighteen month period which exceeds the \$1,500 purchase price. This equipment should be purchased.

### **Documentation:**

Each procurement must be documented. The examples of acceptable documentation by type of procurement are as follows:

- Small purchases: sales receipt, current catalogs with price lists, or formal quotes depending on the amount of the purchase.
- Sealed bids: the reason for selecting this method, the request for bid, the bids received, the reason for the selection, and the award document.
- Competitive proposals: the reason for selecting this method, the solicitation, the proposals received, the scoring criteria and the scores assigned, the reason for the selection, and the award document.

Regardless of the amount of the award, all subrecipients shall certify to a Drug Free Workplace. All awards to subrecipients in excess of \$100,000 shall certify that no funds shall be used for lobbying. For contracts or awards exceeding \$25,000, the vendor, or subrecipient shall provide a debarment certification.

### **ACTION:**

Bring this directive to the attention of all affected staff and subrecipients.

### **INQUIRIES:**

Please direct inquiries about this directive to your assigned [Program Manager](#) at (916) 654-7799.

/S/ JIM CURTIS  
Chief